



WEEKLY GASOLINE FUNDAMENTAL-PRICE-BASIS OUTLOOK

A Fundamental Petroleum Trends Weekly Report

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Cash Basis Outlook			
Product	Market	Weeks Forward	
		1 - 2	3 - 6
RBOB	NYH	→	→
	Gulf	→	→
	W Coast	→	→
Conventional	NYH	→	→
	Gulf	→	→
	Grp III	→	→
	Chicago	→	→
	W Coast	→	→
Gulf Coast Price Outlook		→	→

Wholesale demand decreased -265,000 bpd last week, losing some of the prior week surge; with the latest 4-wk average - 600,000 bpd below a year ago.

Production fell -125,000 bpd and imports decreased -246,000 bpd last week. Supplies East of the Rockies remain below

the 5-year range. Stocks declined -1.6 million barrels, including a -1.5 million barrel draw in PADD 1.

Cash basis extended the uptrend in Midwest Group and Chicago markets last week on a seasonal downtrend in production and stock draws.

Basis levels in NYH continue to trade at elevated levels on relatively tight supplies. Gulf basis increased modestly for both conventional and RBOB grades.

Basis levels in the Midwest increased to the upper end of the historic range for the period. West Coast basis reached 5-year highs as a result of the BPAmoco fire, which will be offline into April.

Look for basis levels to remain elevated in NYH on uncertainty about spring supply, a pull back on the West Coast once imports become available, and modest improvement in the Midwest as maintenance lowers output. Note: roll from March to spring grade April gasoline futures will lower absolute basis levels.

RBOB

New York Harbor basis likely to trend higher on continued tight supplies.

Conventional

New York Harbor basis likely to trend higher on continued tight supplies.

Chicago basis to trend modestly higher on lower production and higher seasonal demand.

Group III basis to trend modestly higher on lower production and higher seasonal demand.

Gulf Basis Conventional grade to pull back from recent surge on increased supplies. RBOB grade to trend higher on increased seasonal demand.

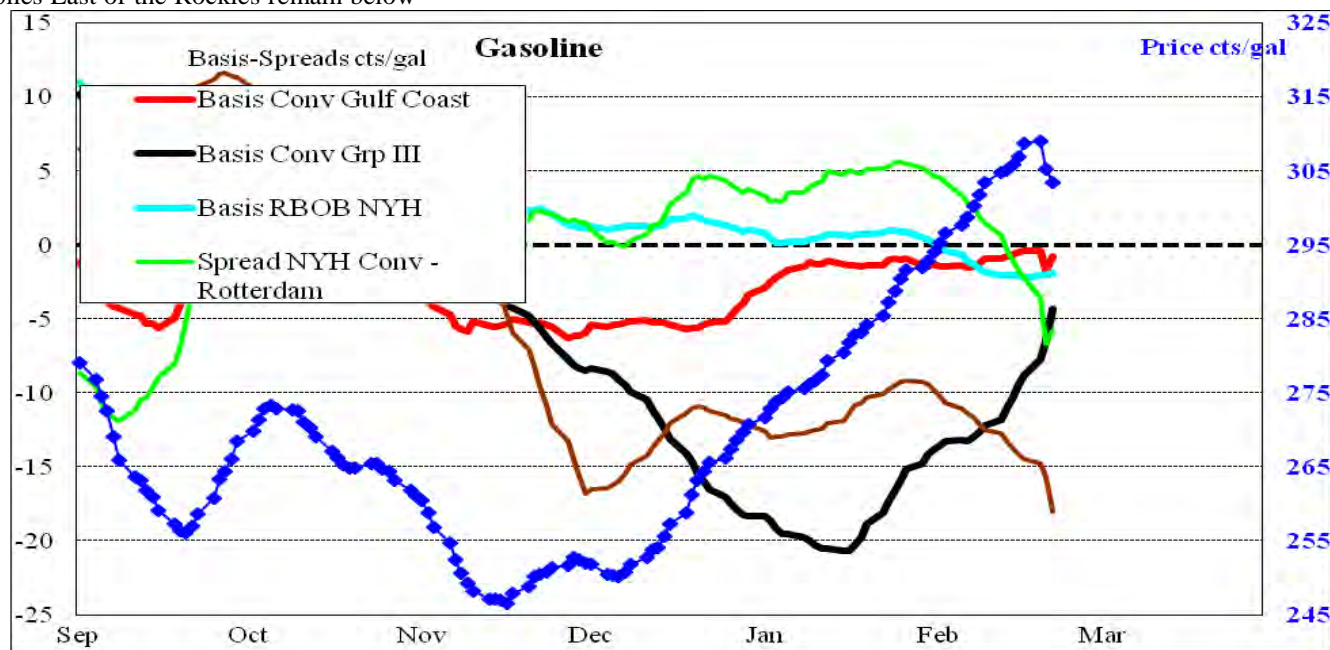
West Coast (Los Angeles) basis to remain volatile until lost production at Cherry Point is replaced, then experience a sharp pull back from record highs.

Gulf Coast Price

Gasoline supplies fell last week on lower imports and production. The supply decline led to a -1.5 million barrel stock draw in PADD 1, keeping supplies relatively tight in that region.

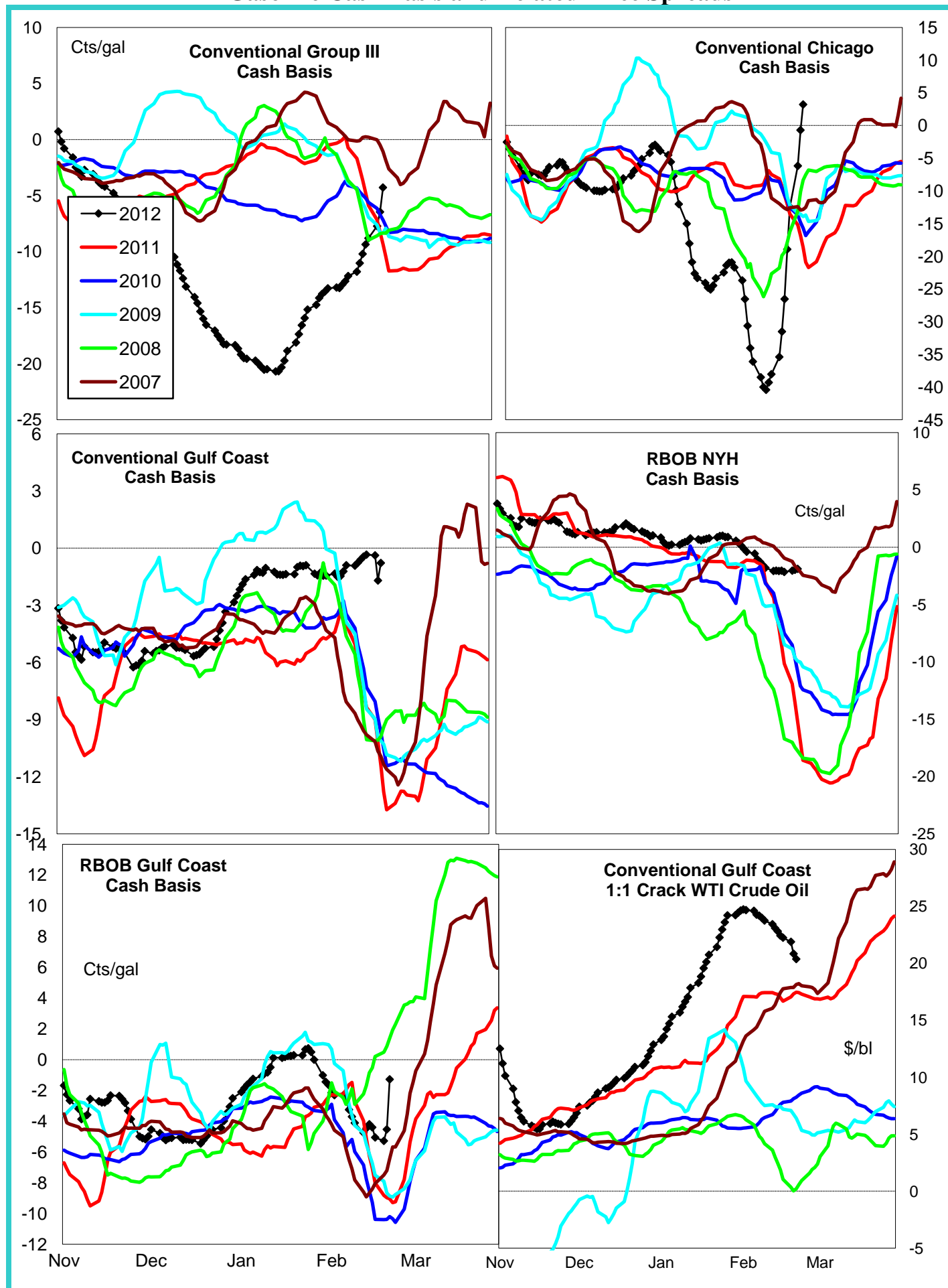
Look for very high retail prices to further limit gasoline demand, which is all ready -0.6 million bpd below a year ago in the run up to peak summer demand. Very weak demand should offset announced refinery closures in the Atlantic Basin, allowing the supply balance to improve ahead of peak spring driving season.

Expect very volatile gasoline prices with risk of a significant price pull back just ahead of the peak driving season.

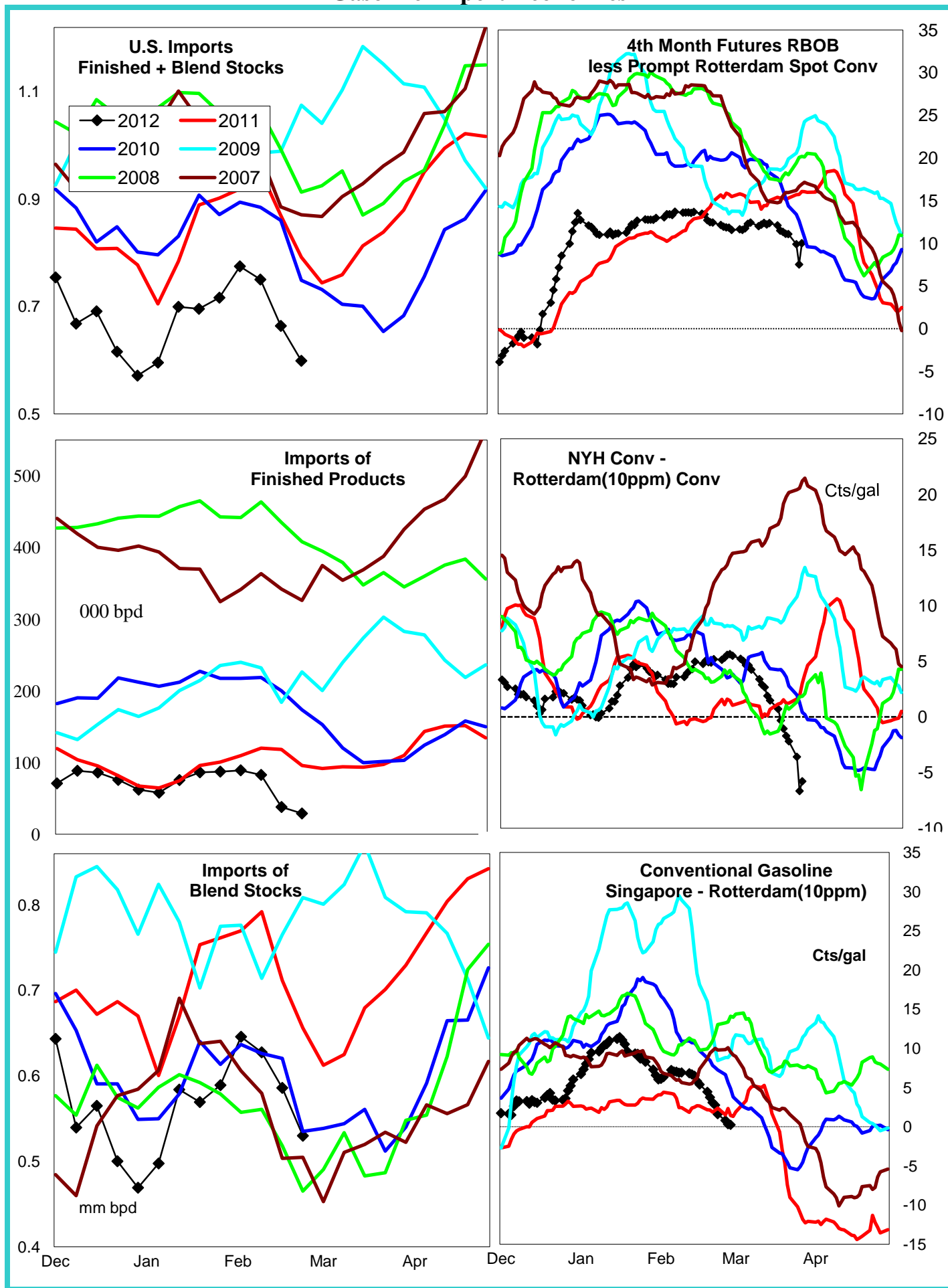


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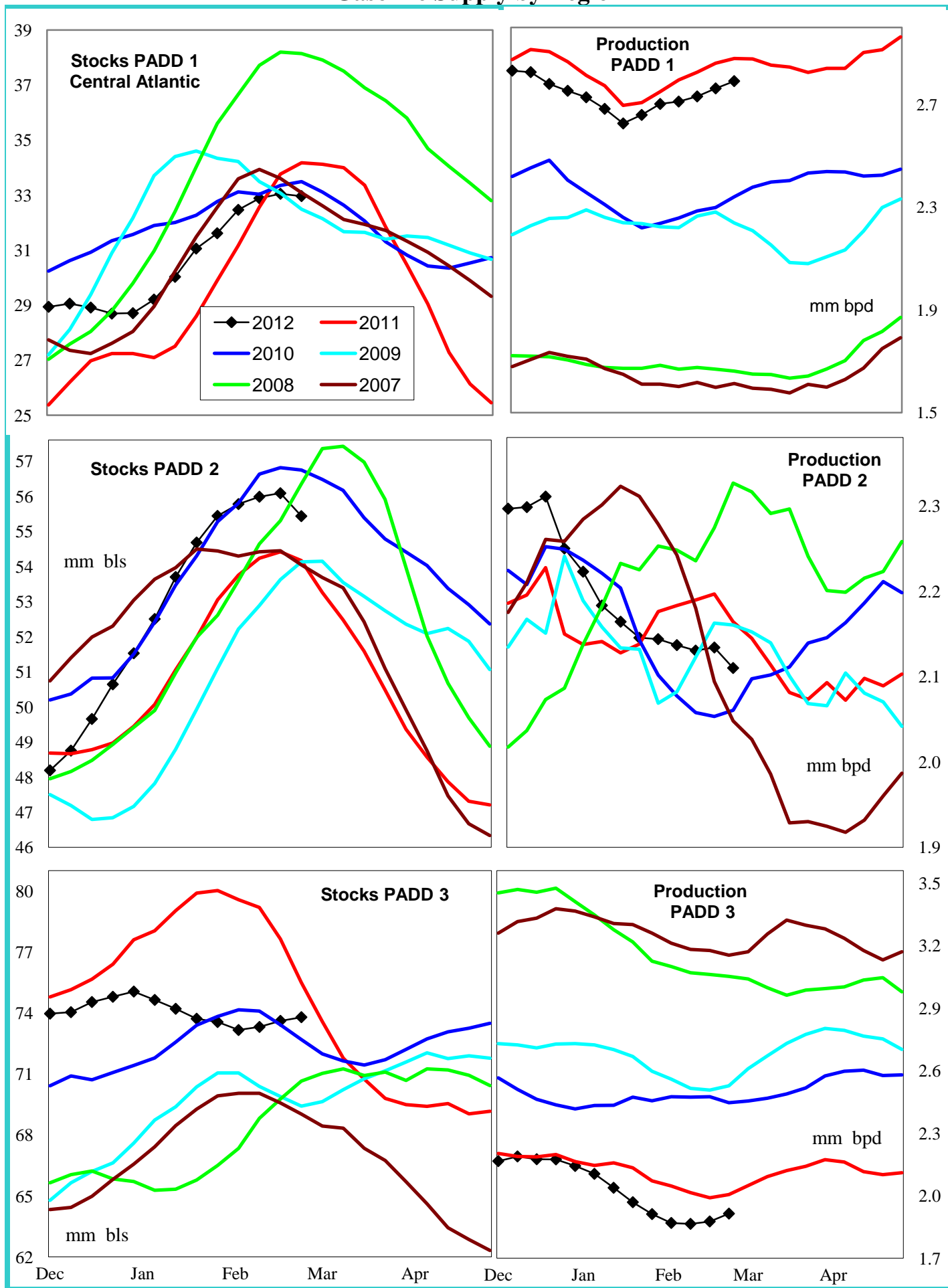
Gasoline Cash Basis and Related Price Spreads



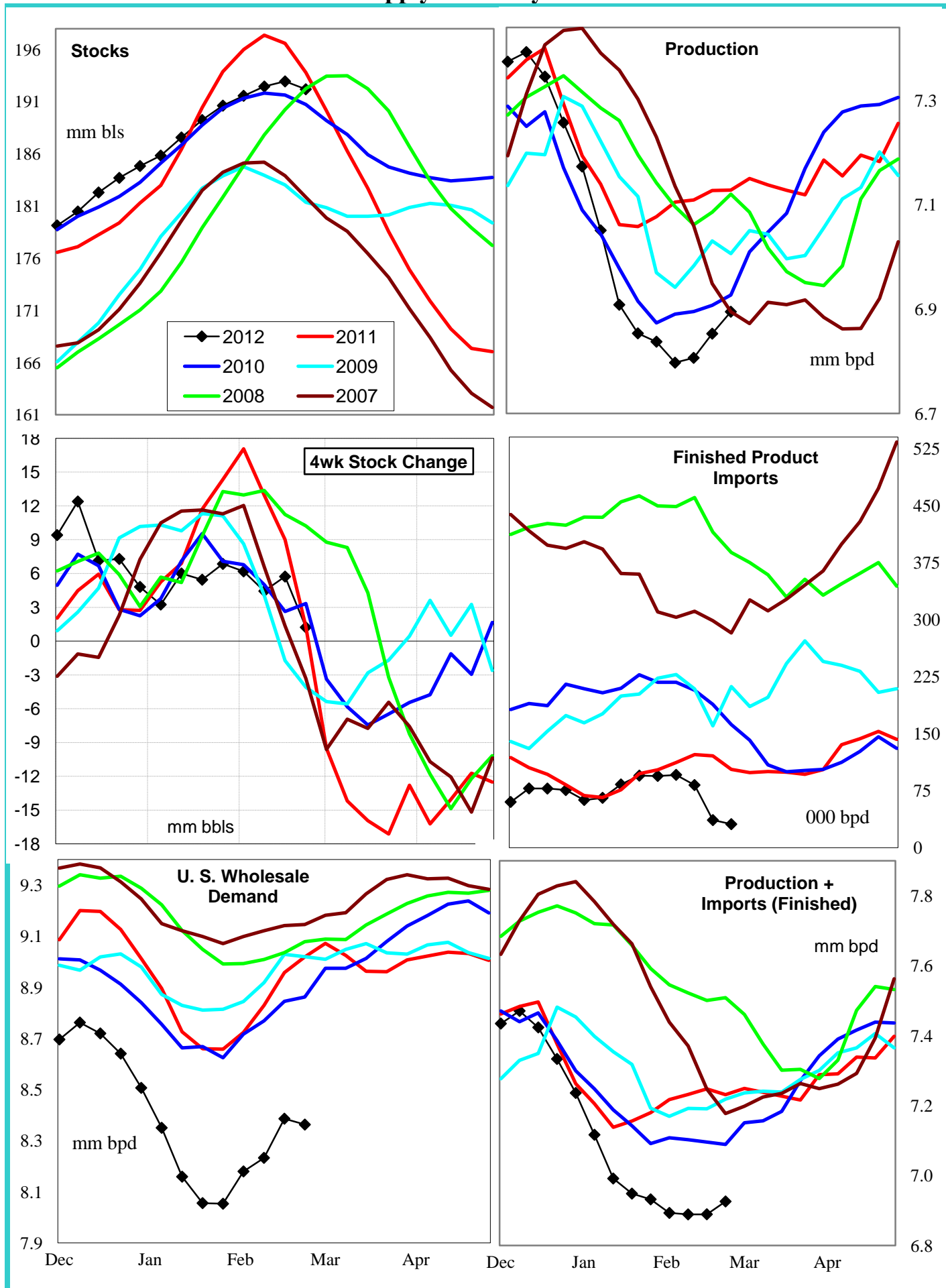
Gasoline Import Economics



Gasoline Supply by Region



Gasoline Supply Summary PADDs 1+2+3



PADD 5 Gasoline Supply

